

**TITLE 15. REVENUE**  
**CHAPTER 10. DEPARTMENT OF REVENUE**  
**GENERAL ADMINISTRATION**  
**ARTICLE 6. TAX AMNESTY PROGRAM**

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## **Article 6. Tax Amnesty Program**

### **R15-10-602. General**

- A. The Arizona Department of Revenue has established a Tax Amnesty Program for the period of September 1, 2003 through October 31, 2003, as required under Laws 2003, Chapter 263, Section 85.
- B. The Tax Amnesty Program applies to tax liabilities for the following taxes:
  - 1. Income tax, including individual, corporate and fiduciary;
  - 2. Withholding tax;
  - 3. Luxury tax;
  - 4. Transaction privilege tax for the State of Arizona and the Counties;  
and
  - 5. Arizona use tax.
- C. "Tax liabilities" includes any payment of estimated tax, interest and penalties required by law.
- D. The Tax Amnesty Program does not apply to municipal privilege and use taxes.
- E. Any return or report filed under the Tax Amnesty Program is subject to verification as provided in law.

### **R15-10-603. Tax Periods Under Audit**

- A. A taxpayer may apply for tax amnesty for a tax period under audit only if the application for tax amnesty contains all of the tax periods under audit that are within the liability period as defined by Laws 2003, Chapter 263,

Section 85(B). The department shall reject as incomplete an application that contains less than all of the tax periods under audit that are within the liability period. A taxpayer shall not include on an application for tax amnesty any tax periods occurring before or after the liability period, even if included in the tax periods under audit.

- B. For purposes of this rule, “tax periods under audit” means all of the tax periods: (1) that were included in proposed assessments issued by the department, department requests for tax returns, department requests for information or department requests for scheduling an audit that were mailed at the same time to the taxpayer and (2) for which the taxpayer continues to have administrative or judicial appeal rights.

**R15-10-604. Gross Income Tax Return**

- A. An individual taxpayer that does not have sufficient information to fully complete the Arizona personal income tax return may file a gross income tax return. To file a gross income tax return, a taxpayer shall complete the form, Arizona Tax Amnesty Application – Individual Gross Income Tax Return.
- B. A taxpayer that files a gross income tax return shall use the following table to calculate the tax due. The tax rate is determined by locating the income range of the gross income for the tax year for which amnesty is sought. The gross income for the year shall be multiplied by the tax rate listed under

the income range for that tax year. For example, for 1998 if gross income is \$50,000, the tax due is \$1,015 (\$50,000 X .0203).

Tax Year	If The Gross Income Is:			
	\$0 Through- \$39,999	\$40,000 Through \$99,999	\$100,000 Through \$199,999	\$200,000 And Above
	Multiply It By:			
1983	.0197	.0301	.0339	.0385
1984	.0199	.0301	.0350	.0404
1985	.0194	.0292	.0339	.0363
1986	.0187	.0290	.0342	.0371
1987	.0170	.0260	.0299	.0333
1988	.0158	.0238	.0296	.0440
1989	.0157	.0242	.0332	.0440
1990	.0178	.0287	.0371	.0518
1991	.0171	.0281	.0369	.0519
1992	.0168	.0282	.0372	.0540
1993	.0167	.0282	.0376	.0533
1994	.0147	.0251	.0350	.0536
1995	.0134	.0219	.0291	.0443
1996	.0136	.0219	.0291	.0461
1997	.0131	.0204	.0269	.0420
1998	.0132	.0203	.0265	.0424
1999	.0132	.0202	.0262	.0399
2000	.0132	.0200	.0258	.0396
2001	.0124	.0196	.0253	.0384

#### **R15-10-605. Average Combined Transaction Privilege Tax Rates**

- A. A taxpayer that owes transaction privilege tax may use the average combined state and county transaction privilege tax rates as shown in the table in paragraph C for purposes of calculating tax due for all transaction privilege tax classifications. If the taxpayer chooses to use an average combined tax rate for any tax period in a year for any tax classification, the

B. A taxpayer that chooses to use an average combined state and county transaction privilege tax rate for a year and that is a monthly or quarterly filer may choose to file on an annual basis for that year, including all income for the year on a single return.

C. The applicable average combined tax rate to be used is determined by the county in which the business activity was conducted and the year in which the tax period or periods occurred. The applicable tax rate and the net taxable income amount from the business activity in the specific county for the taxable period are multiplied to calculate the tax due. For example, Business XY did business in Gila County during 1998. Business XY had a net taxable amount of \$50,000 for that period. Business XY is also seeking amnesty for that period. Business XY's tax would be \$3,000 (\$50,000 X .06).

[illegible]

Gila	.05	.05	.05	.05	.05	.05	.05	.056	.06	.06
Graham	.05	.05	.05	.05	.05	.05	.05	.051	.055	.055
Greenlee	.05	.05	.05	.05	.05	.05	.05	.05	.05	.055
La Paz	.05	.05	.05	.05	.05	.05	.05	.05	.055	.055
Maricopa	.05	.05	.05	.055	.055	.055	.055	.055	.055	.055
Mohave	.05	.05	.05	.05	.05	.05	.05	.05	.05	.05
Navajo	.05	.05	.05	.05	.05	.05	.05	.05	.05	.05
Pima	.05	.05	.05	.05	.05	.05	.05	.05	.05	.05
Pinal	.05	.05	.05	.05	.055	.055	.055	.056	.055	.055
Santa Cruz	.05	.05	.05	.05	.05	.05	.05	.051	.055	.055
Yavapai	.05	.05	.05	.05	.05	.05	.05	.05	.05	.05
Yuma	.05	.05	.05	.05	.055	.05	.05	.053	.059	.055

### Average State and County TPT Rates for Calendar Years 1993 Through 2002

[illegible]

Maricopa	.055	.055	.057	.0575	.057	.055	.057	.057	.06	.063
Mohave	.05	.05	.05	.05	.05	.05	.05	.0525	.056	.0585
Navajo	.053	.055	.055	.055	.055	.055	.055	.055	.058	.061
Pima	.05	.05	.05	.05	.05	.05	.05	.05	.053	.056
Pinal	.057	.06	.06	.06	.06	.06	.06	.06	.063	.066
Santa Cruz	.055	.055	.055	.055	.055	.055	.055	.055	.058	.061
Yavapai	.05	.052	.055	.055	.055	.055	.055	.056	.06	.063
Yuma	.055	.055	.055	.06	.06	.06	.06	.06	.068	.071

**R15-10-606. Interest Calculation for Payment with Tax Amnesty Application**

- A. By October 31, 2003, taxpayers applying for tax amnesty shall pay, at the minimum, one-third of the tax liability and interest for all the tax periods included in the amnesty application. Taxpayers shall determine the interest amount to be included in this payment by using the interest chart located in paragraph C below. Interest is computed for total tax amounts due for each year. If there is more than one tax period included on a tax amnesty application in a year, the total tax amount due for the year is determined by adding the total tax amount due for each tax period of the year.
- B. For the purpose of this rule “total tax amount due for a tax period” is determined by subtracting from the total tax liability due all withholding, estimated payments and other payments made or credits applied prior to the due date of the return. The total tax liability due is calculated in

accordance with the applicable statutes, rules and tax form instructions. Payments received subsequently and credits subsequently applied from overpayments for tax periods included in the amnesty application shall not be used to reduce the total tax liability for purposes of calculating the interest amount for the October 31 payment.

- C. For each year in which there is any tax period included in the amnesty application, the taxpayer shall multiply the factor designated in the interest chart by the total tax amount due for that year. The product of this multiplication is the interest that is due for the year. That amount shall be multiplied by one-third to determine the amount of interest that must be paid by October 31, 2003 for that year. For example, if for 1987 Mr. A has total tax due in the amount of \$500, the interest owed is \$550 ( $\$500 \times 1.10$ ). He must pay \$183.33 ( $\$550 \times 1/3$ ) of interest along with the payment of tax due by October 31, 2003.



Interest Chart	
Year	Factor
1983	1.42
1984	1.34
1985	1.26
1986	1.18
1987	1.10
1988	1.02
1989	0.94
1990	0.86
1991	0.78
1992	0.70
1993	0.62
1994	0.54
1995	0.46
1996	0.38
1997	0.30
1998	0.25
1999	0.20
2000	0.15
2001	0.10
2002	0.05

**R15-10-607. Application of Payments and Credits**

- A. Payments received pursuant to a tax amnesty application shall be applied to the tax periods on the application starting with the oldest tax period and progressing chronologically until all the payments have been applied.

- B. Tax periods for which the taxpayer is entitled to a refund or credit may be included on an amnesty application. The credit shall be applied to other tax periods included in the application in the order described in paragraph A.
- C. For purposes of determining the total tax and interest due from a taxpayer applying for amnesty, credits from overpayment of other tax periods shall be applied as if a payment had been received on the fifteenth day of April of the year following the calendar year of the tax period of the overpayment. For example, a taxpayer has an overpayment of income tax for calendar year 1994 and an under payment of income tax for calendar year 1995. The credit from the overpayment in 1994 will be applied to the 1995 liability as if it were a payment made on April 15, 1995.
- D. No refund shall be given to a taxpayer for payments made or credits applied prior to September 1, 2003 for any tax periods included in a tax amnesty application. If a credit for overpayment in one or more of the tax periods contained in a tax amnesty application exceeds the total tax and interest liabilities for all other tax periods contained in the application, the amount due shall be reduced to zero but no refund shall be paid.